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Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

2002

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Report Highlights: A summary of current news reports in America's largest food and agricultural export market as translated from Japan's mass media and food press. This issue includes: UFJ, Mitsui-Sumitomo and Fuji Bank announce bailout package for Dai-ichi Kangyo Bank; M&As in the food service industry on the rise; Japan's Agriculture Ministry suspends chicken imports from the United States; Snow Brand Food admits to disguising imported beef as domestic beef to receive government subsidies; and Norwegian Seafood Export Council launches new consumer campaign.

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Retail/Wholesale

- *United Financial of Japan* (merger of Sanwa Bank and Tokai Bank), *Mitsui-Sumitomo*, and *Fuji Bank* announced on January 15 they are planning a 400 billion yen (approximately \$3.1 billion) bailout package for the restructuring of the *Daiei Group*, which includes a debt-for-equity swap of part of the loans held by the banks for preferred *Daiei* shares. (a 1/16)
- *AEON* (formerly *Jusco*) is holding its "5 A Day" campaign to promote healthy eating habits through the consumption of five fruit and vegetables a day. With this campaign, *AEON* expects a 20% increase in produce sales over the next 10 years. *AEON* also plans to cooperate with local elementary schools to conduct "5 A DAY" supermarket tours. (c 1/23)

Food Service

- Food service companies facing severe competition are seeking M&As. For example, *Reins International* acquired *Red Lobster Japan* last December; *Seiyo Food Systems*, which was recently partly acquired by the British *Compass Group*, announced plans to sell most of its Casa family restaurant chain to *Coco's Japan*; and *Colowide* announced on January 9 plans to acquire *Heisei Food Service*, which operates the Hamacho chain of Hokkaido organic theme restaurants. (a 1/17)

Food Processing/New Products/Market Trends

- Japan's Agriculture Ministry announced on January 12 that they have temporarily suspended chicken imports from the United States to prevent Avian Influenza from entering Japan. The United States accounts for 15% of Japan's poultry imports. (a 1/13)
- On January 23, *Snow Brand Food* admitted to disguising the country of origin of imported beef as domestic beef when it applied to the Japanese Government's subsidy system for buying and incinerating excess domestic beef following the detection of BSE in Japan. (a 1/23)
- *Q.P. Corporation* announced that their consolidated working profit rose 10% in 2001 over 2000, mainly due to a decline in the price of raw materials (e.g. eggs) and an increase in their health care business sales. (a 1/12)
- Beer companies plan to introduce more new *happoshu* malt liquor products this year due to their growing popularity. *Asahi Beer*, plans to expand sales of its "Hon-Nama" (authentic draft) by 30% over last year. *Kirin Brewery* also plans to introduce various new *happoshu* products. (a 1/17)
- According to a survey by *C.G.C. Japan* of 720 consumers, 70% of the respondents replied that their eating habits had changed after the detection of BSE in Japan. The frequency of eating domestic and imported beef declined for about 70% of those surveyed, while about 60% preferred to eat chicken or pork. Only 20% believed the safety declarations concerning beef made by the Japanese government. (a 1/17)

- It was announced on January 24 that *Otsuka Beverage* will acquire 6.8% of the stock of *Pokka Corporation*. The two companies plan to work together along with another ally, *Nestle*, to strengthen their vending machine business against industry giants, such as *Coca Cola* and *Suntory*. (f 1/24)

ATO/Cooperator/Competitor Activities/Trade Shows

- The *Norwegian Seafood Export Council (NSEC)* is conducting a "good taste and health" campaign in order to raise consumer awareness about Norwegian seafood. *NSEC* plans to use various mass media, such as TV commercials and magazine ads, in targeted regions nationwide. (f 1/24)
- *AEON* (formerly *Jusco*) began selling Chilean bing cherries on December 22 in all of its stores. The Chilean Embassy anticipates good sales of 50 tons or 100 million yen (roughly \$770,000) in 2002 due to the fact that Chile's growing season is opposite of Japan's. (c 1/9)
- The *U.S. Poultry and Egg Council* held a press conference in Tokyo on January 11 explaining its annual business plan and the situation of the U.S. poultry industry. (c 1/21)
- *Meat and Livestock Australia* held a seminar in Tokyo on December 18 entitled "A Road to Recovery of Beef Consumption." About 300 people attended the seminar. (c 1/23)

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Sources

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| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |

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